INCOMING TELEGRAM Department of State

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Control: 12470
Rec'd: June 16, 1961
8:41 p.m.

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] DATE 14 MAY 1982
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FROM: Accra

TO: Secretary of State

NO: 1448, June 16, 5:00 p.m.

~~PRIORITY~~

Embassy telegram 1328 and 1420; Department telegram 1179.

As Department aware, Embassy had hoped Volta negotiations would be sufficiently advanced prior to Nkrumah departure on Moscow trip (July 6) that we might use final stage as occasion for effort to initiate reorientation in government of Ghana foreign policies back to more genuinely neutral position. This would be against background of growing prospects for UN success in Congo, growing solidarity of Monrovia group of African states, Nkrumah's domestic political and financial difficulties (see LONDON TIMES June 13 and 14), and possibility of USG making steps toward African unity one of objectives of new foreign aid progra[illegible] Now obvious that on several scores such discussion not feasible at this time.

Embassy recommends, however, that some assurance re Volta project in addition to Secretary's letter to Foreign Minister Ako Adjei of May 26 (G-165, June 8) be given to Nkrumah prior his departure.

Nkrumah's first objective in Moscow may well be to seek budget support loan. It is Embassy's understanding, however, Soviets loath give such loans and would probably be considerably embarrassed by request. They will undoubtedly offer additional project credits but these are not GOG's current primary need.

If Nkrumah, when he departs, has reasonable assurance that west will eventually finance Akosombo, Embassy would assume he would not attempt seek Soviet aid for that project but would put emphasis on budget support. If, on other hand, he is

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he is pessimistic re western financing for Akosombo he will presumably request, and get, Soviet financing for it. Soviets now committed to Bui Dam and could transfer to Akosombo help allocated to Bui and add some. Soviets, however, likely be interested in financing only dam and power station and not aluminum smelter. They might offer assistance in financing other power-consuming industries such as steel mill and encourage Nkrumah believe there would be eventual investment in aluminum smelter once power available. This would not give Nkrumah cash he needs but would strengthen Soviet position here and Nkrumah might believe it would improve his position in seeking budget support from west later.

Government of Ghana has made funds (reportedly seven million pounds) available to Impresit on strength of which it is proceeding actively with preparatory construction and purchase of equipment with view to moving earth next October.

In light of foregoing, Embassy hopes USG will be in position to give Nkrumah full and frank (but confidential) statement of present status of USG's and World Bank's progress on project, problems which remain to be solved, and assurance of determination to seek resolution of these problems within a specified time. I would hope I could be given information and authority to give him such a statement on Volta by June 26. Nkrumah plans to make important Republic Day speech on July 1 (a week before his departure) in which he hoped to announce assurance completion of Volta negotiations and also six-week trip to USSR, Poland, Hungary and Czechoslovakia.

Encouraging but confidential statement by me suggested above, as distinguished from firm commitment of kind desired by Nkruman, would:

(1) Prevent announcement by Nkrumah in July 1 speech that he has final commitment from USG and World Bank at the same time he announces his Soviet bloc visit (which would have undersirable effect from our point of view on Monrovia group of African

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of African nations and on growing opposition in the country); (2) complicate Nkruman's negotiations with Soviets; (3) inhibit him in lengths to which he would go in his public utterances and communiques during trip; (4) make it possible for USG to review desirability of proceeding with Volta project in light of situation following Nkrumah's Soviet visit and before final commitment.

RUSSELL

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